



STATE OF DELAWARE

PUBLIC SERVICE COMMISSION

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January 24, 2017

MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Shona Marshall, Public Utility Analyst 

SUBJECT: IN THE MATTER OF THE APPLICATION OF PREMIERE MARKETING, LLC DBA PREMIERE ENERGY AUCTIONS FOR A CERTIFICATE TO BROKER ELECTRIC SUPPLY SERVICES WITHIN THE STATE OF DELAWARE (SUBMITTED JULY 18, 2016; FILED JANUARY 13, 2017) - PSC DOCKET No. 16-0791

Background

On July 18, 2016 Premiere Marketing, LLC DBA Premiere Energy Auctions (the "Company" or "Premiere") submitted an application (the "Application") with the Delaware Public Service Commission (the "Commission") for an Electric Supplier Certificate ("ESC") to broker electric supply services in the State of Delaware pursuant to §1012 of the Electric Utility Restructuring Act of 1999, 26 *Del. C.* §1001 - §1020 (the "Act") and 26 *Del. Admin. C.* §3001, the Commission's Rules for Certification and Regulation of Electric Suppliers (the "Supplier Rules").¹

Application

The Company's original filing was submitted on July 18, 2016 but the submitted Application did not meet the minimum filing requirements (MFR's). In a letter dated July 21, 2016, Staff requested the Company file Certificates of Good Standing for the states of Connecticut, Massachusetts, New Hampshire, New York, Rhode Island, and Texas financial statements that have been certified by an officer of the Company within the last 12 months, and an explanation for the Company's conflicting status on the Secretary of State's website in the state of Illinois. The Company and Commission Staff ("Staff") exchanged numerous emails regarding the Supplier Rules and the necessity of supplying certificates of good standing for each of the states in which the Company operates. With the assistance of a Deputy Attorney General ("DAG") the issue was resolved and Staff's request for certificates of good standing for the above mentioned states was withdrawn. The Company's amendment filed September 13, 2016 provided a copy of officer certified financial statements and an explanation for Company's status in the state of Illinois. In a letter dated October 19, 2016, Staff notified the Company that the

¹ Unless otherwise noted, all references to capitalized terms are set forth in the Act and/or the Supplier Rules.

business license submitted September 13, 2016 indicated that the license was active from December 31, 2016 through December 31, 2016. An active business license was requested at that time. The document was uploaded to DelaFile on January 13, 2017. This information satisfies the MFR's for this Application.

Review and Analysis

Authority to do Business in Delaware

The Company is a limited liability company formed under the laws of the state of New Jersey. The Company provided proof issued by the Delaware Secretary of State that it is legally authorized and qualified to do business in the State of Delaware issued December 15, 2016.

Resident Agent

The Company supplied the contact information for a Delaware Registered Agent listed in the application as Registered Agent Solutions, Inc. located at 2679 S. DuPont Hwy, Suite 100, Dover, DE 19901.

Compliance with Regional Requirements

The Company affirms in its Application that it will only present electricity supply contracts to its customers from Marketers/Electric Suppliers who are in compliance with all applicable PJM requirements.

Financial, Operational, Managerial and Technical Ability

The Company provided a copy of the Balance Sheet, Statement of Operations, and Changes in Member's Equity Statement for the period of December 31, 2014 and a copy of a Balance Sheet for the period ended December 31, 2015. as indicia of financial capability under Section 2.1.1.5.1 of the Supplier Rules. Staff believes that the financial statements satisfy the requirements of the Supplier Rules.

The Company anticipates serving Residential, Large Commercial, Small Commercial, and Industrial customers to broker the sale or purchase of electricity throughout the State of Delaware. The Company's application states that it is presently licensed in the following states: Connecticut, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Texas, and the District of Columbia. The Company does not list any states in which the licensure is currently pending. Staff believes that the information provided by the Company satisfies Section 2.1.1.5.3 of the Supplier Rules.

The Application included a summary of key operating personnel of the Company. Paul M. Shagawat has been the Managing Partner of Premiere since August 2009 when he developed and co-founded the Company. Prior to founding Premiere, Mr. Shagawat served as a financial planner at the Baron Financial Group from October 2008 through August 2009. He has over seven years of managerial experience and seven years of experience in the energy industry. Mr. Dustin Scarpa is also a Managing Partner of Premiere. He has held this position since 2009. Prior to employment with Premiere, Mr. Scarpa served as an account executive with Troy Marketing from 2008 through 2009. He has over seven years of managerial experience and seven years of experience in the energy sector. Staff believes that the Company has satisfied Section 2.1.1.5.5 of the Supplier Rules and the Company's Officers have the operational, managerial, and technical abilities to perform as a Broker. Staff also performed an internet review of the key operating personnel. The review did not reveal any issues with the Company or its personnel responsible for Delaware operations.

Surety Bond

The Company did not post a surety bond because it is a Broker only and there are no service agreements between the Company and any Delaware Electric Distribution Company. The Company will not collect any fees or deposits from any of its customers for any of its brokerage services.

Verification of Application

The original Application contained a signed sworn verification of application with the signature of Paul Shagawat, Managing Partner. Subsequent filings to the Application have also been verified by Paul Shagawat.

Consent to Jurisdiction

The Company consents to the jurisdiction of the Delaware courts.

Contracts

The Company is applying for a license to broker electric supply services for residential, commercial, and industrial customers. As a Broker, the Applicant will not have contracts with residential or small commercial customers to provide electric supply services. The applicant has agreed to only work with an entity that complies with PJM's requirements and is a Certified Electric Supplier in Delaware. A Certified Electric Supplier in Delaware, at the time of filing, provides its standard contract for Residential and Small Commercial Customers or a link to the contract on the Applicant's website for Staff review, pursuant to the Supplier Rules.

Statement of Criminal Activity

The Applicant stated that they have not been charged or convicted of any criminal activity nor have any of its principals or corporation offices. An internet review of the Company and its principals did not return any incidents of criminal activity.

Legal Review

Staff submitted this Memo for review by the Attorney on January 25, 2017.

Staff Recommendation

Based on Staff's review and analysis of the Application, the Company has satisfied the requirements of the Act and the Supplier Rules. The Company resolved all outstanding issues with Staff and the completed Application supports the Company's request for certification. Staff's review and analysis of the Application submitted by the Company demonstrates evidence of capability to render service based on the Company's financial, operational, managerial and technical abilities. Therefore, Staff recommends the Commission approve the Application.